

SENATE BILL REPORT

SB 6184

As Reported By Senate Committee On:
Ways & Means, March 7, 1996

Title: An act relating to credit against the premium tax for guaranty association assessments paid by insurers.

Brief Description: Crediting certain insurance premium taxes.

Sponsors: Senators Loveland, Rasmussen, Winsley, Hale and Sheldon.

Brief History:

Committee Activity: Ways & Means: 3/7/96 [DPA].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass as amended.

Signed by Senators Rinehart, Chair; Cantu, Drew, Hargrove, Hochstatter, Johnson, McDonald, Moyer, Snyder, Strannigan, Sutherland, West and Wojahn.

Staff: Terry Wilson (786-7433)

Background: The 1993 Health Services Act imposed a 2 percent tax on premiums and prepayments received by health maintenance organizations (HMOs) and health care service contractors (HCSCs). The funds were deposited in a health services account, along with revenues from tobacco tax increases, hospital tax increases and some alcohol tax increases to fund subsidized enrollment in the state's Basic Health Plan.

Amounts received by HMOs and HCSCs for Medicare services were exempt from the 2 percent premium and prepayment tax until July 1, 1997.

Summary of Amended Bill: The HMO and HCSC exemption from the 2 percent premium tax for Medicare payments is continued indefinitely.

Amended Bill Compared to Original Bill: Under the original bill, insurance companies that pay an assessment to the Washington Insurance Guaranty Association or the Washington Life and Disability Insurance Guaranty Association receive a tax credit against premium taxes owed for 100 percent of the assessment. The tax credit must be taken over ten years. The tax credit applies to assessments that occur after the effective date of this act.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect immediately.

Testimony For: None.

Testimony Against: None.

Testified: No one.